



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Governor

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March 28, 2002

Brad Boyter
Western Clay Company, Inc.
508 East Center
P.O. Box 127
Aurora, Utah 84620

Re: Formal Approval of Notice of Intention to Amend Large Mining Operations and Form and Amount of Reclamation Surety, Western Clay Company, Bentonite Pits Mine, M/041/012, Sevier County, Utah

Dear Mr. Boyter:

On March 18, 2002, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Western Clay Company's Bentonite Pits mine. The reclamation surety in the amount of \$96,900 is in the form of a Letter of Credit issued by Utah Independent Bank. Of this amount, \$4,500 is earmarked for School and Institutional Trust Lands Administration (SITLA) Royalties, and the remaining \$92,400 is to assure reclamation of the site.

The Division hereby grants its final approval of your large mining notice of intention and the \$96,900 reclamation surety for the Bentonite Pits Mine. You may continue mining operations on the 33.24 acres as outlined in your amended large mining notice of intention, provided you also have SITLA approval for any disturbance on state owned leases.

The reclamation surety updates the existing \$67,300 reclamation surety posted October 23, 2001, and replaces the "transitional" reclamation contract received November 1, 2001. The "transitional" surety was posted until such a time as an amended large mine plan was approved and a new surety amount calculated, because Western Clay Company exceeded their approved acreage without first receiving Division approval and posting adequate surety.

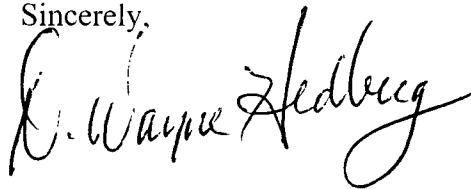
Enclosed please find copies of the fully signed and executed Reclamation Contract and Letter of Credit w/amendment for your files. We are awaiting your updated maps to attached to

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the approved mine plan. When these maps are received we will stamp the plans "approved" and send one copy to you for your records.

Thank you for your help and patience in finalizing this latest permitting action. Please call me if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." being small and the last name "Hedberg" being larger and more prominent.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: Copies of RC & LOC w/amendment
cc: John Blake, SITLA (ML 1937)
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